

Message Text

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PAGE 01 YAOUND 02021 141202Z

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ACTION XMB-04

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R 141155Z JUN 75

FM AMEMBASSY YAOUNDE

TO SECSTATE WASHDC 6054

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FOR: EXIM AND OPIC

E.O. 11652: N/A

TAGS: EINV, EPAP, CM

SUBJECT: GRATA RICE PROJECT

REFS: A. STATE 121877 B. STATE 115229

1. PARAS 2-5 CONTAIN REPORT OF EXIM REPS PEARSON AND DUNTON ON RICE PROJECT DISCUSSIONS IN YAOUNDE. PARAS 6-8 CONTAIN EMBASSY COMMENTS AND RECOMMENDATIONS.

2. JUNE 9 EXIM/EMBASSY REPS HELD WORKING SESSION AT MINISTRY OF AGRICULTURE ON SANAGA RICE PROJECT. REPS OF SNI AND QUINTANA OF GREAT AMERICAN (GRATA) ALSO ATTENDED. LENGTHY SESSION BEGAN WITH MINISTRY OF AGRICULTURE SEC GEN EXPLANATION OF IMPORTANCE OF PROJECT TO GURC AND DESIRE TO SEE PROJECT IMPLEMENTED AS RAPIDLY AS POSSIBLE. MINAG POINTED OUT AVAILABILITY LOCAL AND EXPATRIATE EXPERTISE IN CAMEROON TO ASSIST GRATA.

3. EXIM REPS HAD OPPORTUNITY PRESENT EXIM POSITION ON PROJECT. REQUESTED VERIFICATION RICE PRICE PROJECTIONS USED BY GRATA. ALSO PROPOSED GURC AND GRATA FIND THIRD PARTNER WITH EXPERIENCE IN LARGE AGRIBUSINESS PROJECTS. EXIM REPS EXPLAINED THAT CONCEPT OF PROJECT NO RPT NO PROBLEM AND EXPERIENCE OF GRATA HAS BEEN COMPLETELY

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PAGE 02 YAOUND 02021 141202Z

SATISFACTORY. OBJECTION IS ON GROUNDS LACK OF EXPERIENCE

IN AFRICA, LACK OF EXPERIENCE IN AGRICULTURAL ASPECTS OF PROJECT, MUCH SMALLER SIZE OF PROJECTS UNDERTAKEN TO DATE. SECGEN SEEMED TO ACCEPT COMMENTS AND AGREED TO POSSIBILITY FINDING THIRD PARTNER. HE COMMENTED THAT IF NEW PARTNER CONTRIBUTES TO EQUITY THIS MIGHT OVERCOME EQUITY PROBLEM.

4. QUINTANA QUITE UNHAPPY WITH EXIM POSITION. STRESSED HIS CONFIDENCE IN ABILITY OF GRATA TO SUCCEED.

5. OUTCOME OF MEETING WAS SECGEN ACCEPTANCE IN SUBSTANCE OF PROPOSAL MADE BY OPIC TO EXIM REPS BEFORE DEPARTURE. OPIC ASKED TO FORWARD AS SOON AS POSSIBLE TO MINAG THROUGH NOMO (CAMEROON EMBASSY IN WASHINGTON) LIST OF COMPETENT AMERICAN AGRIBUSINESS FIRMS. COPIES TO BE SENT TO SNI AND GRATA. MINAG WILL SELECT AND CONTACT FIRMS FROM LIST PRESUMABLY THROUGH WASHINGTON EMBASSY. SECGEN CONCERNED ABOUT POTENTIAL DELAY OF PROJECT AND HOPES NEW PARTNER CAN BE FOUND.

6. IN SUBSEQUENT CONVERSATION WITH AMB, QUINTANA EXPRESSED CONSIDERABLE BITTERNESS OVER EXIM POSITION. HE COMPLAINED, IN PARTICULAR, THAT IT HAD NOT ACCEPTED GRATA INVITATION TO SEND REPRESENTATIVE TO VISIT SEVERAL OF COMPANY'S PROJECTS IN CENTRAL AND SOUTH AMERICA TO PROVIDE BASIS FOR JUDGING COMPANY'S ABILITY TO ORGANIZE AND MANAGE COMPLEX OPERATIONS. STRESSED AS WELL THAT NO AMERICAN COMPANIES HAVE EXPERIENCE IN UPLAND RICE OPERATIONS AND WOULD HAVE TO, JUST AS WOULD GRATA, GO OUTSIDE OF COMPANY TO RECRUIT EXPERTS.

7. EMBASSY COMMENT:

A) WE FULLY RESPECT EXIM BANK'S JUDGMENT ON PROJECT AND WELCOME OPIC WILLINGNESS TO SEEK THIRD PARTNER WITH EXPERIENCE IN LARGE AGRIBUSINESS PROJECTS. AT SAME TIME EMB CAN UNDERSTAND GURC CONCERN OVER FURTHER DELAYS THAT ARE LIKELY TO RESULT FROM SEARCHING FOR AND IF FOUND, NEGOTIATING WITH, THIRD PARTY, NOT TO MENTION GURC'S HEALTHY SKEPTICISM THAT A THIRD EQUITY (AMERICAN) PARTNER CAN INDEED BE FOUND.
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PAGE 03 YAOUND 02021 141202Z

B) WE WOULD URGE THAT EXIM, WHILE PURSUING THIRD PARTNER POSSIBILITY, ALSO TAKE UP GRATA INVITATION TO HAVE BANK REPRESENTATIVE VISIT SOME OF THEIR OTHER PROJECTS- OR THAT GRATA BE GIVEN OTHER OPPORTUNITIES TO ESTABLISH ITS ABILITY TO HANDLE CAMEROONIAN PROJECT. IDEALLY WE WOULD HOPE THAT EXIM'S CONCERNS MIGHT BE ALLAYED SUFFICIENTLY OR THAT OTHER PRACTICAL APPROACHES TO PROBLEM CAN BE DEVELOPED TO PERMIT PROJECT TO MOVE

FORWARD IN TIMELY FASHION.

8. PROJECT IS FIRST MAJOR ONE INVOLVING AN AMERICAN COMPANY SINCE DOLE FIASCO. IT HOLDS PROSPECT FOR SIGNIFICANT EXPORT OF AMERICAN EQUIPMENT IF EXIM FINANCING IS OBTAINABLE. COLLAPSE OF PROJECT WOULD BE ANOTHER BLOW TO GURC PERSISTENT BUT LARGELY FRUITLESS EFFORTS TO ATTRACT AMERICAN INVESTMENT. WE SHARE EXIM BANK'S DESIRE TO BACK A WINNER AND NOT A LIKELY LOSER. BUT PROJECT CONCEPT APPEARS SOUND (PARA 3 ABOVE) AND GRATA'S PERFORMANCE ON OTHER PROJECTS UNDERTAKEN ABROAD, IF NOT IN AFRICA, APPEARS SATISFACTORY (PARA 3 ABOVE). THESE COMBINED CIRCUMSTANCES LEAD EMB TO URGE THAT A MAJOR EFFORT BE MADE TO KEEP THIS PROJECT ON THE TRACKS.
MOORE

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